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Docket No.  
ELECT-043436

TO THE ASSISTANT COMMISSIONER FOR PATENTS

Transmitted herewith for filing under 35 U.S.C. 111 and 37 C.F.R. 1.53 is the patent application of:

Patrick M. Phillips, et al.

For: INTERNET BASED CHECK CASHING AND CLEARING METHOD, APPARATUS AND ARTICLE OF  
MANUFACTURE

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Dated: March 23, 2000



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**ELECT-043436**

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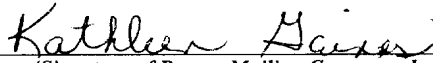
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Invention: **INTERNET BASED CHECK CASHING AND CLEARING METHOD, APPARATUS AND ARTICLE OF MANUFACTURE**I hereby certify that this **PATENT APPLICATION***(Identify type of correspondence)*

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jc586 U.S. PTO  
09/536005  
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FOR

UNITED STATES LETTERS PATENT

ON

INTERNET BASED CHECK CASHING AND CLEARING METHOD,

APPARATUS AND ARTICLE OF MANUFACTURE

Docket No.: ELECT-043436

Sheets of Drawings: 5

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INTERNET BASED CHECK CASHING AND CLEARING METHOD,  
APPARATUS AND ARTICLE OF MANUFACTURE

BACKGROUND OF THE INVENTION

I. FIELD OF THE INVENTION

The present invention relates generally to the field of Internet commerce and more specifically to a method, apparatus and article of manufacture to enable consumers to purchase items from Internet merchants with funds drawn from the consumer's checking account.

II. RELEVANT ART

One of the newest and most rapidly expanding areas of commerce is the use of the Internet to conduct business, or so-called "e-commerce." Every day, millions of dollars of sales are made over the Internet. Presently, the vast majority of these sales are paid for by credit card. The use of a credit card to pay for goods has the advantages of allowing both customers and merchants to have a convenient and generally reliable form of payment. However, from a consumer's point of view payment by credit card is disadvantageous in that it requires that a consumer first own a credit card, and second, the consumer must often be willing to incur a short term debt at the relatively high interest rate charged by most credit card companies. From a merchant's point of view, payment by credit card is disadvantageous because it often results in higher processing fees than would be charged for cash or check transactions. Accordingly, it would be advantageous for consumers to have the option of paying for Internet purchases by a check drawn from a standard bank checking account.

SUMMARY OF THE PREFERRED EMBODIMENT

To overcome the disadvantages and problems in the prior art described, and to overcome other disadvantages and problems that will become apparent upon reading and understanding the present specification, the present invention discloses a method, apparatus, and article of manufacture for an Internet based system for cashing and clearing checks drawn on consumer's checking account.

In accordance with the present invention, a technique for using a computer to

electronically clear and cash a check submitted to an on-line merchant from an on-line consumer is provided. Initially, the computer must accept an input of check information from a consumer. The computer then verifies the accuracy of the check information, presents the check information for clearing through the Federal Reserve's Automated Clearinghouse, debits the consumer's checking account on which the check was drawn in an amount indicated in the check information, and credits the merchant's account in the amount indicated in the check information.

## DESCRIPTION OF THE FIGURES

FIG. 1 schematically illustrates the hardware environment of the present invention. FIG. 2 schematically illustrates the steps performed in accordance with a preferred embodiment of the invention.

## DESCRIPTION OF THE PREFERRED EMBODIMENTS

In the following description of the preferred embodiments, reference is made to the accompanying drawings which form a part hereof, and which is shown by way of illustration a specific embodiment in which the invention may be practiced. It is to be understood that other embodiments may be utilized as structural changes may be made without departing from the scope of the present invention.

### Hardware Environment

Typically, a consumer will access the Internet via a home or office computer 100 connected to the Internet 102 by modem, cable modem, ISDN line, T1 line or other suitable means. (See FIG. 1). By Internet protocols, the consumer accesses a merchant's on-line web-site, typically located on the merchant's computer system 104 or the computer system of an independent service provider. At this time, the consumer selects an item or items to be purchased from the merchant via the merchant's on-line web-site and submits information to the merchant such as credit card information or, in the case of the present invention, check information, to enable the purchase of the preselected goods.

The merchant's computer transmits, via the Internet 102, this check information from the merchant's computer to a dedicated clearinghouse computer 106. It will be

understood that the present invention is not limited to clearing and cashing checks submitted by only one merchant web-site, but in fact is capable of processing check information from a large number of merchants. As further described below, the clearinghouse computer performs certain functions based on the check information, readies the file for submission to the Federal Reserve Automated Clearing House Computers, and then submits the check information to the Automated Clearing House 108 via a dedicated line 110. After the check is processed, information is submitted from the Federal Reserve Automated Clearing House to the consumer's bank 112 and the merchant's bank 114 to enable the consumer's checking account to be debited, and the merchant's checking account to be credited.

This description of the hardware environment generally required of the present invention is provided for illustration purposes only and those skilled in the art will recognize many modifications may be made without departing from the scope of the present invention.

#### Process For Clearing And Writing A Check Submitted To A Merchant Via The Internet

A preferred embodiment of the present invention provides a process for accepting, clearing and cashing a check, submitted by a consumer via the Internet and drawn on a conventional checking account, by an on-line merchant. With reference to FIG. 2, the process is initiated at block A, when, in block 202, a consumer has selected items to be purchased from a merchant's Internet web-site and selects, via the web-site's interface, the option of paying for the purchased goods by a check, drawn on a consumer's regular checking account. The web-site interface (not shown) prompts the consumer to enter check information necessary for the processing of the check transaction. Preferably, the interface provides the consumer with the image of a check, to be filled out by the consumer by typing in the same information normally found on the consumer's paper checks. Alternatively, the interface may simply request that the consumer enter the check information via a series of prompts. Required check information includes the full name of the checking account holder, the routing number for the checking account, the date on which the check is written, and the amount of the purchase. Additional information can be requested of the consumer, including the consumer's driver's license number, and the state where the driver's license was issued,

the consumer's address, or other acceptable means of identification. Additionally, the interface may provide the consumer with the ability to fill out a "memo" line identifying the nature of the purchase for record keeping purposes. It is also preferred that the interface allow the consumer to create a printed record of this check information for record keeping purposes. After the check information has been input by the consumer, preferably, the interface prompts the consumer to verify the check information and authorize its use. Upon authorization, the check information is transmitted to the clearinghouse computer via the Internet or other suitable electronic means as indicated in block 204.

Upon receipt of the check information, the clearinghouse computer accesses a database of bad check writers and evaluates the check writing history of the consumer who has provided the check information 206. This bad-check writers database can be one or more of the multiple proprietary databases maintained by credit reporting companies, such as, for example, the National Check Information Services database. The evaluation is made based on criterion previously agreed to by the merchant and the operator of the clearinghouse. If the consumer's check writing history is acceptable, processing continues; otherwise the merchant is notified of the consumer's bad check writing history and processing ceases. Although it is preferred that the consumer's check writing history be verified, this step optional. Also, processing to check for abnormal usage of a checking account holder's account may be performed at this time, as an additional fraud detection device.

At or about the same time, the clearinghouse computer also verifies that the routing number submitted by the consumer satisfies the check digit algorithm 208. The series of digits identifying a checking account routing number are not randomly generated, but conform to a prescribed algorithm identifying both the bank at which the checking account is held, and the individual checking account itself. To avoid needless processing, and to attempt to detect fraud, the routing number submitted by the consumer is analyzed to verify that it conforms to the check digit algorithm. If the algorithm is not satisfied, processing ceases, and the merchant is notified, or alternatively, the clearinghouse or merchant web-site may notify the consumer that the check information submitted was incorrect.

Assuming that the routing number satisfies the check digit algorithm, the clearinghouse computer accesses a national database to verify that the routing number submitted by the consumer, which is normally associated with paper checks, is in fact the correct electronic routing number to be used in the subject transaction 210. It will be understood by one of ordinary skill in the art that frequently the so-called "paper routing number" printed on a consumer's check, which is used to cash and clear a paper check, does not match the routing number necessary for electronic funds transfer from the same account. Accordingly, as indicated in block 210, the clearinghouse computer determines whether the paper routing number submitted by the consumer matches the electronic routing number. If it does not, the check information submitted by the consumer is modified to indicate the proper electronic routing number as indicated in block 212. After this correction has been made, or if the paper routing number and the electronic routing number match, a conversion file is created for submission of the consumer's check information to the Federal Reserve's Automated Clearing House (ACH) for cashing and clearing the check. In a preferred embodiment of the present invention, this file will contain the check information of multiple consumers, submitted by multiple merchant web-sites. Also preferably, the conversion file is submitted to the Automated Clearing House on a daily basis. Transmission is presently accomplished via the FEDLINE, which is a dedicated land line for submission of information to the Automated Clearing House, but it will be understood that transmission can be accomplished by any means acceptable to the Federal Reserve. Upon submission of the check information to the Automated Clearing House, the consumer's checking account is debited by the amount indicated in the check information 216, and the merchant's account is credited by a similar amount 218.

In a preferred embodiment, the merchant is charged by the clearinghouse for the service of cashing consumers' checks at this time. Specifically, processing fees can be accessed against the amount credited to the merchant's account in the form of a discount fee, which is a percentage of the face value of the transaction, a transaction fee, which is a fixed fee for each transaction processed, and an administrative fee, which is a fee per merchant account. Alternatively, fees can be collected from the merchant's account at intervals throughout the month. To minimize processing time and on-line data bottlenecks it is also preferred that these fees, as well as the amount



which is credited to each merchant's account, be calculated once, and that the merchants' accounts be credited on a once-per-day basis to reflect all transactions processed during the day, rather than on a transaction-by-transaction basis.

5           With further reference to FIG. 2, which is continued onto a second drawing sheet at block B, the clearinghouse computer awaits notification from the Automated Clearing House as to whether each consumer's check clears as indicated in block 220. If the First Presentment of the check clears the Automated Clearing House, the transaction is complete. The clearinghouse computer may then go on to other  
10           processing or operations, as indicated by the ellipsis shown in FIG. 2.

          If the First Presentment is unsuccessful, the clearinghouse computer determines, from the Automated Clearing House return information, if the check was returned because the account was closed, a stop-payment order was issued on the check, fraud exists, or a Second Presentment of the check 222 is precluded for some other reason. If the check was thus returned, the clearinghouse computer notifies the merchant of the return and the reason for the return as indicated in block 224, and then debits the merchant's account by the amount by which it was previously credited in connection with the returned check 226. Because no Second Presentment is allowed, processing of other transactions can be performed.

          If, however, the reason for the check return was either insufficient funds (NSF) or uncollected funds (UCF) then the check information is processed for immediate resubmission and a Second Presentment to the Automated Clearing House 226.  
25           Preferably, this Second Presentment is made on the same day that the clearinghouse computer is notified of the first return of the check. At substantially the same time that the check information is being processed for a Second Presentment, the merchant is notified of the first return 228. Preferably, this notification is accomplished by electronic means such as e-mail, and allows the merchant to delay shipment of the  
30           purchased goods, or take other remedial measures. It is also preferred that, rather than charging the merchant with a resubmittable first return transaction, the clearinghouse covers the negative float on the return item while the check is immediately resubmitted for clearing via the Automated Clearing House.

After the Automated Clearing House has processed the Second Presentment, the clearinghouse computer determines whether the Second Presentment of the check cleared 230. If the Second Presentment cleared, a collection fee is automatically debited to the consumer's account, ending the transaction and allowing other processing. With continued reference to FIG. 2, which is continued on to a third drawing sheet at block C, if the Second Presentment does not clear the Automated Clearing House, the merchant is notified of the second return to enable the merchant to take the remedial measures it deems necessary 232. Additionally, the merchant's account is debited by the amount it was initially credited in relation to subject transaction 234. Preferably, the merchant's account is also credited by the amount of one or more of the fees charged to the merchant, such as the discount fee.

Based on the check return information from the Automated Clearing House, the clearinghouse computer determines why the Second Presentment of the check was returned 236. If the Second Presentment was returned for a reason other than insufficient funds or uncollected funds, no Third Presentment is allowed, and processing ends. If the Second Return was made because of insufficient funds or uncollected funds, the clearinghouse attempts to determine when and if sufficient funds are available in the consumer's checking account. Preferably, several attempts are made to verify whether sufficient funds exist over the course of a preselected time period, such as thirty or sixty days 238. It will be understood that this preselected time period is of arbitrary length agreed upon by the clearinghouse and the merchant. These inquiries as to the balance of the consumer's checking account may be made either via computer or by human personnel of the clearinghouse telephoning the bank which holds the consumer's checking account. As indicated in block 240, if the preselected time limit has not expired, and the clearinghouse has been unable to verify that sufficient funds exist, the process of checking the account for sufficient funds will continue. Preferably, inquiries about whether or not sufficient funds exist are made on a daily basis.

Once either the clearinghouse is able to verify that sufficient funds exist, or the preselected time periods expires, a Third Presentment of the check is made to the Automated Clearinghouse 242. Additionally, the merchant's account is again credited

with the amount of the subject transaction, minus any associated processing fees 244. With further reference to FIG. 2, which is continued onto a fourth drawing page at block D, the clearinghouse computer determines whether or not the Third Presentment of the check cleared the Automated Clearing House 246. If the Third Presentment of the check does clear, a collection fee is charged electronically to the consumer's checking account 248, and the subject transaction is complete, allowing other processing. If the Third Presentment of the check does not clear, the merchant is notified of the third return 250 and the merchant's account is debited by the amount it was previously credited in relation to the subject transaction 252. The subject transaction is then complete, allowing further processing.

It is also preferable to provide an interactive reporting system to allow on-line merchants to access the clearinghouse computer and obtain information on the checks which were submitted to them by consumers and which are currently being processed by the above-described method and apparatus. The interactive reporting system allows a merchant to examine both the status of a current transaction, as well as historical trends and the amount of fees paid by the merchant.

The following describes some alternative embodiments for accomplishing the present invention. For example, any type of computer such as a main frame, mini-computer, or personal computer, or computer configuration, such as a time sharing mainframe, local area network, or a stand alone personal computer, could be used for the present invention. Additionally, it should be understood that more than one computer can be used to implement the functions described as being performed by the clearing house computer and that the above-described method can be implemented in any one of a number suitable computer programming languages as will be recognized by one of ordinary skill in the art.

It will also be understood that the functions and methods described in the preferred embodiments described above can be varied and modified as necessary to satisfy the specific requirements of computer systems, as well as preferences as on-line merchants without departing from the present invention.

The foregoing description of the preferred embodiment of the invention has been presented for the purposes of illustration and description. It is not intended to be exhaustive or to limit the invention to the precise form disclosed. Many modifications and variations are possible in light of the above teaching. It is intended that the scope of the invention be limited not by this detailed description, but rather by the claims appended hereto.

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WE CLAIM:

1. A method for using one or more computers to electronically clear and cash a check submitted to an on-line merchant from an on-line consumer by electronic means comprising the steps of:  
5 accepting an input of check information submitted by consumer;  
verifying the accuracy of the check information;  
presenting the check information for clearing through the Federal Reserve's Automated Clearing House;  
debiting the consumers checking account from which the check was drawn in an  
10 amount indicated in the check information; and  
crediting the merchant's account in the amount indicated in the check information.
2. The method of claim 1 further comprising the step of evaluating the consumer's check-writing history by accessing a database of bad-check writers.
3. The method of claim 1 wherein the consumer submits the check information to the merchant over the Internet.
4. The method of claim 1 further comprising the step of verifying the check  
20 information to ensure that the bank routing number submitted by the consumer is valid and correct.
5. The method of claim 4 wherein the routing number is verified by determining  
25 whether the routing number satisfies the check digit algorithms.
6. The method of claim 4 further comprising the step of comparing the routing number to a database to determine if the paper routing number provided by the consumer matches the electronic routing number needed to process the on-line  
30 transaction.
7. The method of claim 6 wherein if the routing number provided by the consumer is a correct paper routing number, but not a correct electronic routing number,

an additional step of modifying the check information to substitute the correct electronic routing number for the paper routing number provided by the consumer is performed.

- 5           8.       The method of claim 1 comprising the further step of crediting the merchant's account by the amount indicated in the check information minus one or more processing fees.
- 10           9.       The method of claim 8 wherein one of the processing fees comprises a percentage of the value of the amount indicated in the check information.
10.       The method of claim 8 wherein one of the processing fees comprises a fixed fee for processing the transaction.
11.       The method of claim 8 wherein one of the processing fees comprises an administrative fee.
12.       The method of claim 1 wherein if the check is returned by the Automated Clearing House, an additional processing step is conducted comprising determining the reason why the check was returned.
13.       The method of claim 12 wherein if the reason for the return is that the account is closed, that a stop payment order was made, or that fraud is present, additional processing steps are performed comprising:
  - 25                   notifying the merchant of the returned check; and
  - debiting the merchants account by the amount indicated in the check information.
14.       The method of claim 13 further comprising the step of refunding to the merchants account one or more of the processing fees paid by the merchant.
- 30           15.       The method of claim 12 wherein if the reason for the return is that the consumers checking account has insufficient funds or uncollected funds,

additional processing is performed comprising:

presenting the check information to the Automated Clearing House for a second

presentment; and

notifying the merchant that the check was returned when it was first presented.

16. The method of claim 15 wherein check information is presented to the Automated Clearing House for a second presentment within twenty-four hours after the check has been returned.

17. The method of claim 15 wherein if the second presentment clears the consumer's account, additional processing is performed comprising charging a collection fee to the consumer's account via the Automated Clearing House and crediting the merchant's account with the amount indicated in the check information.

18. The method of claim 15 wherein if the check is returned by the Automated Clearing House after the second presentment, additional processing is conducted comprising the steps of :

determining why the check was returned;

notifying the merchant that the check was returned after the second presentment; and

debiting the merchant's account by the amount indicated in the check information.

19. The method of claim 18 further comprising the step of refunding to the merchant's account one or more processing fees paid by the merchant.

20. The method of claim 18 wherein if the reason for the second return is that the consumer's checking account has insufficient funds or uncollected funds, additional processing is performed comprising:

during a predetermined time period, attempting to verify whether the

consumer's  
account has funds available; and  
presenting the check information to the Automated Clearing House for a  
third presentment either when the predetermined time period has expired or  
when the consumer's account has funds available, whichever occurs first.

21. The method of claim 20 wherein the predetermined time period is between about thirty and sixty days.
22. The method of claim 20 wherein a human attempts to verify whether the consumer's account has funds available by placing telephone calls to the bank holding the customer's account.
23. The method of claim 20 wherein if the third presentment clears the consumer's account, additional processing is performed comprising charging a collection fee to the consumer's account via the Automated Clearing House and the crediting merchant's account with the amount indicated in the check information.
24. The method of claim 20 wherein if the check is returned by the Automated Clearing House after the third presentment, additional processing is conducted comprising the steps of:
  - notifying the merchant that the check was returned after the third presentment; and
  - debiting the merchant's account by the amount indicated in the check information.
25. The method of claim 24 further comprising the step of refunding to the merchant's account one or more processing fees paid by the merchant.
26. An apparatus comprising one or more computers capable of executing one or more programs to electronically clear and cash a check submitted to an on-line



merchant from an on-line consumer by electronic means by carrying out the following steps:  
accepting an input of check information submitted by a consumer;  
verifying the accuracy of the check information;  
5 presenting the check information for clearing through the Federal Reserve's Automated Clearing House;  
debiting the consumer's checking account from which the check was drawn in an amount indicated in the check information;  
crediting the merchant's account in the amount indicated in the check  
10 information.

27. The apparatus of claim 26 wherein the procedure carried out by the apparatus further comprises evaluating the consumer's check-writing history by accessing a database of bad-check writers.
28. The apparatus of claim 26 wherein the procedure carried out by the apparatus further comprises verifying the check information to ensure that the bank routing number submitted by the consumer is valid and correct.
29. The apparatus of claim 28 wherein the procedure carried out by the apparatus further comprises the step that if the routing number provided by the consumer is a correct paper routing number, but not a correct electronic routing number, the check information is modified to substitute the correct electronic routing number for the paper routing number provided by the consumer.
30. The apparatus of claim 26 wherein the procedure carried out by the apparatus further comprises the step that if the check is returned by the Automated Clearing House, additional processing is conducted to determine the reason why the check was returned.
31. The apparatus of claim 30 wherein if the reason for the return is that the account is closed, that a stop payment order was made, or that fraud is present, the apparatus performs additional processing comprising:

[illegible]

notifying the merchant of the returned check; and  
debiting the merchant's account by the amount indicated in the check  
information.

5           32.    The apparatus of claim 30 which performs the further step comprising refunding  
to the merchant's account one or more processing fees paid by the merchant.

10           33.    The apparatus of claim 30 wherein if the reason for the return is that the  
consumers checking account has insufficient funds or uncollected funds, the  
apparatus forms additional processing comprising:  
              presenting the check information to the Automated Clearing House for a  
              second  
              presentment; and  
              notifying the merchant that the check was returned when it was first  
presented.

15           34.    The apparatus of 30 wherein check information is presented to the Automated  
Clearing House for the second presentment within twenty-four hours after the  
check has been returned.

20           35.    The apparatus of claim 33 wherein if the second presentment clears the  
consumers account, the apparatus charges a collection fee to the consumer's  
account via the Automated Clearing House and the merchant's account is  
credited with the amount indicated in the check information.

25           36.    The apparatus of claim 33 wherein if the check is returned by the Automated  
Clearing House after the second presentment, the apparatus performs additional  
processing comprising the steps of :

30               determining why the check was returned;  
              notifying the merchant that the check was returned after the second  
              presentment; and  
              debiting the merchant's account by the amount indicated in the check  
information.

37. The apparatus of claim 36 with performs the further step comprising refunding to the merchant's account one or more processing fees paid by the merchant.
38. The apparatus of claim 36 wherein if the reason for the second return is that the consumers checking account has insufficient funds or uncollected funds, the apparatus performs additional processing comprising:
- during a predetermined time period, attempting to verify whether the consumer's account has funds available; and
- presenting the check information to the Automated Clearing House for a third presentment either when the predetermined time period has expired or when the consumer's account has funds available, whichever occurs first.
39. The apparatus of claim 38 wherein the predetermined time period is between about thirty and sixty days.
40. The apparatus of claim 38 wherein if the third presentment clears the consumer's account, a collection fee to the consumer's account via the Automated Clearing House and credits the merchant's account with the amount indicated in the check information.
41. The apparatus of claim 38 wherein if the check is returned by the Automated Clearing House after the third presentment, the apparatus performs additional processing is conducted comprising the steps of:
- notifying the merchant that the check was returned after the third presentment;
- and
- debiting the merchant's account by the amount indicated in the check information.
42. The apparatus of claim 38 wherein the on-line merchant can access the one or more computers to obtain information regarding the status of one or more checks which the merchant has submitted.
43. The apparatus of claim 42 wherein the merchant can determine whether or not a

processing fee has been charged and the dollar amount of any such charge.

44. The apparatus of claim 42 wherein the merchant can obtain a history of the processing of a check submitted to the on-line check cashing system.

45. An article of manufacture comprising a computer program carrier readable by a computer and embodying one or more instructions executable by the computer to perform method steps for electronically clearing and cashing a check submitted to an on-line merchant from an on-line consumer by electronic means, the method comprising the steps of:

accepting the input of check information submitted by a consumer;

verifying the accuracy of the check information;

presenting the check information for clearing through the Federal Reserves' Automated Clearing House;

debiting the consumer's checking account from which the check was drawn in an amount indicated in the check information; and

crediting the merchant's account in the amount indicated in the check information

46. The article of manufacture of claim 45 wherein the method further comprises the step of evaluating the consumer's check writing history by accessing a database of bad check writers.

47. The article of manufacture of claim 46 wherein the method further comprises the step of verifying the check information to ensure that the bank routing number submitted by the consumer is valid and correct.

48. The article of manufacture of claim 47 wherein if the routing number provided by the consumer is a correct paper routing number, but not a correct electronic routing number, an additional step of modifying the check information to substitute the correct electronic routing number for the paper routing number provided by the consumer is performed.

49. The article of manufacture of claim 45 wherein if the check is returned by the Automated Clearinghouse, additional processing is conducted comprising the step of determining the reason why the check was returned.

50. The article of manufacture of claim 49 wherein if the reason for the return is that the account is closed, that a stop-payment order was made, or that fraud is present, an additional processing step is conducted comprising:

notifying the merchant of the returned check; and

debiting the merchants account by the amount indicated in the check information.

51. The article of manufacture of claim 49 wherein if the reason for the return is that the consumer's checking account has insufficient funds or uncollected funds, an additional processing step is performed comprising: presenting the check information to the Automated Clearing House for a Second Presentment and;

notifying the merchant that the check was returned when it was First Presented.

52. The article of manufacture of claim 51 wherein if the Second Presentment clears the consumers account, a collection fee is charged to the consumers account via the Automated Clearing House and the merchants account is credited with the amount indicated in the check information.

53. The article of manufacture of claim 51 wherein if the check is returned by the Automated Clearing House after a Second Presentment, additional processing steps are conducted comprising the steps of:

determining why the check was returned;

notifying the merchant that the check was returned after the Second

Presentment; and debiting the merchants account by the amount indicated in the check information.

54. The article of manufacture of claim 53 where if the reason for the Second

Return is that the consumer's checking account has insufficient funds for uncollected funds, additional processing is performed comprising:

during a predetermined time period, attempting to verify whether the consumer's account has funds available; and

presenting the check information to the Automated Clearing House for a Third Presentment either when the predetermined time period has expired or when the consumer's account has funds available, whichever occurs first.

55. The article of manufacture of claim 54 wherein if the Third Presentment clears the consumer's account, a collection fee is charged to the consumer's account via the Automated Clearing House and the merchant's account is credited with the amount indicated in the check information.

56. The method of 54 wherein if the check is returned by the Automated Clearing House after the Third Presentment, additional processing steps are conducted comprising the steps of:

notifying the merchant that the check was returned after the Third Presentment; and

debiting the merchant's account by the amount indicated in the check information.

## ABSTRACT

A method apparatus and article of manufacturing for using a computer to electronically clear and cash a check submitted to an on-line merchant from an on-line consumer by electronic means is provided.

First, an input of check information submitted by a consumer by electronic means is accepted. Next the accuracy of the check information is verified and then is presented for clearing through the Federal Reserve's Automated Clearing House. Finally, the consumer's checking account from which the check was drawn is debited by the amount indicated in the check information and the merchant's account is credited by the amount indicated in the check information.



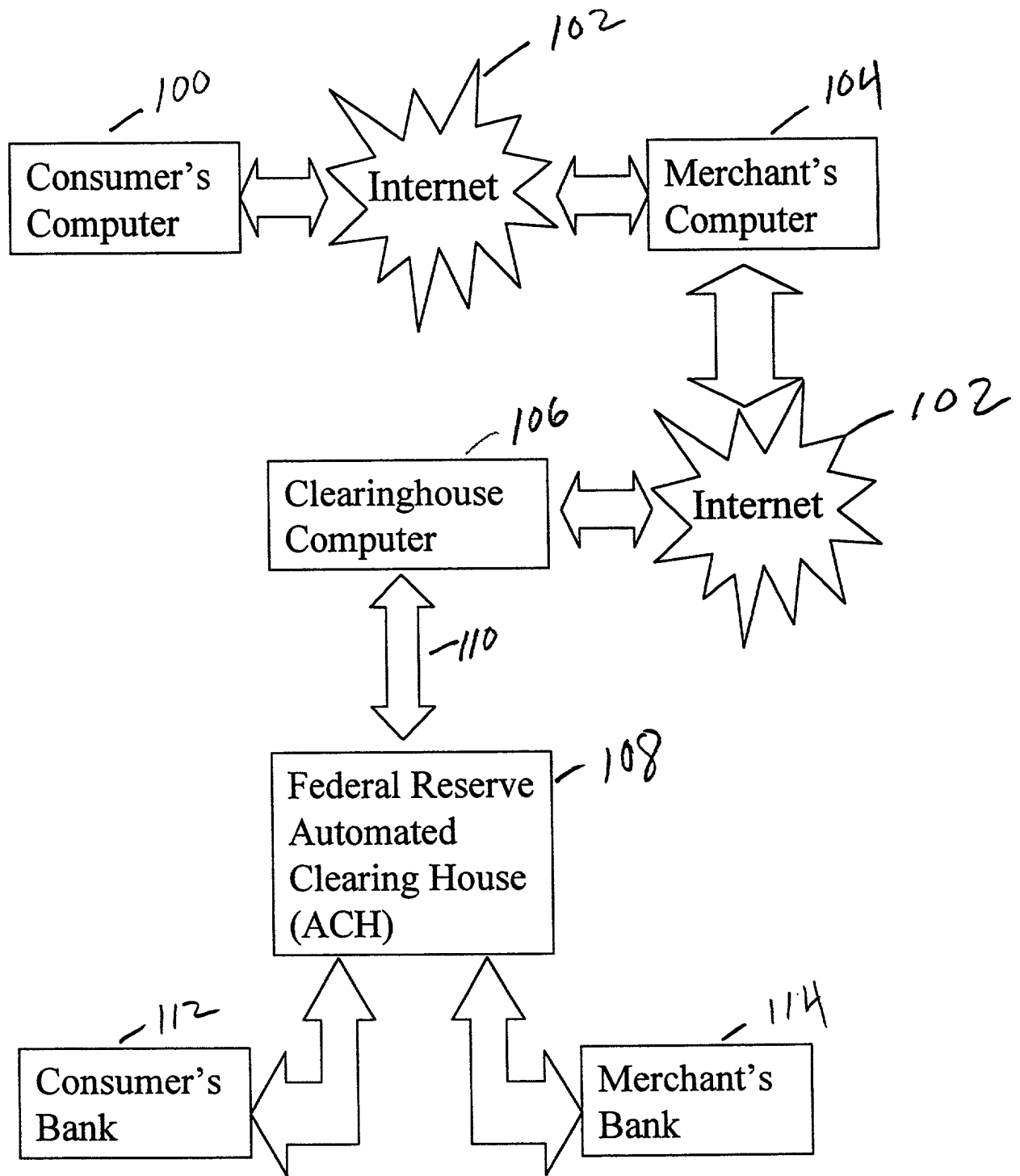


Fig. 1

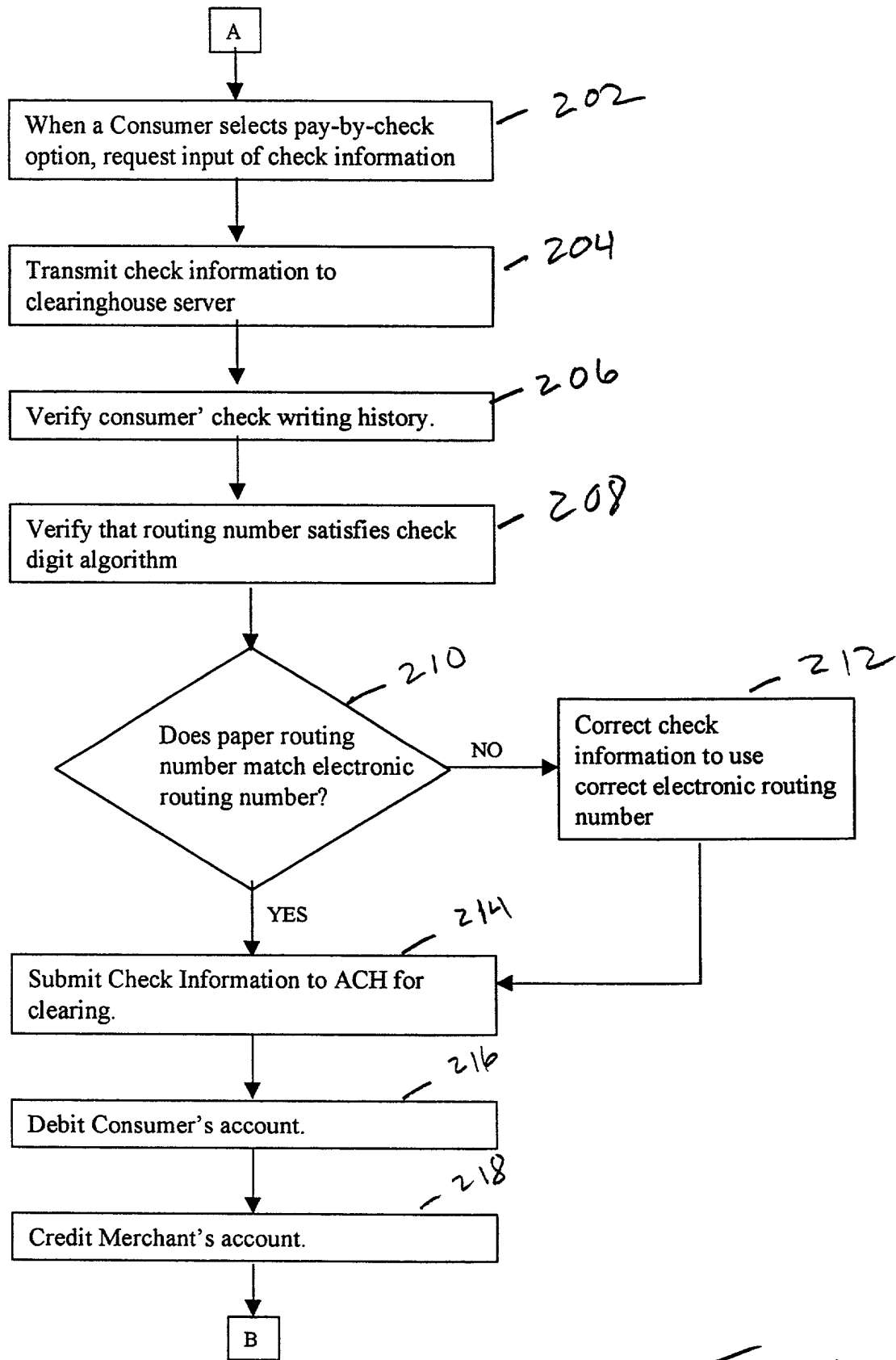
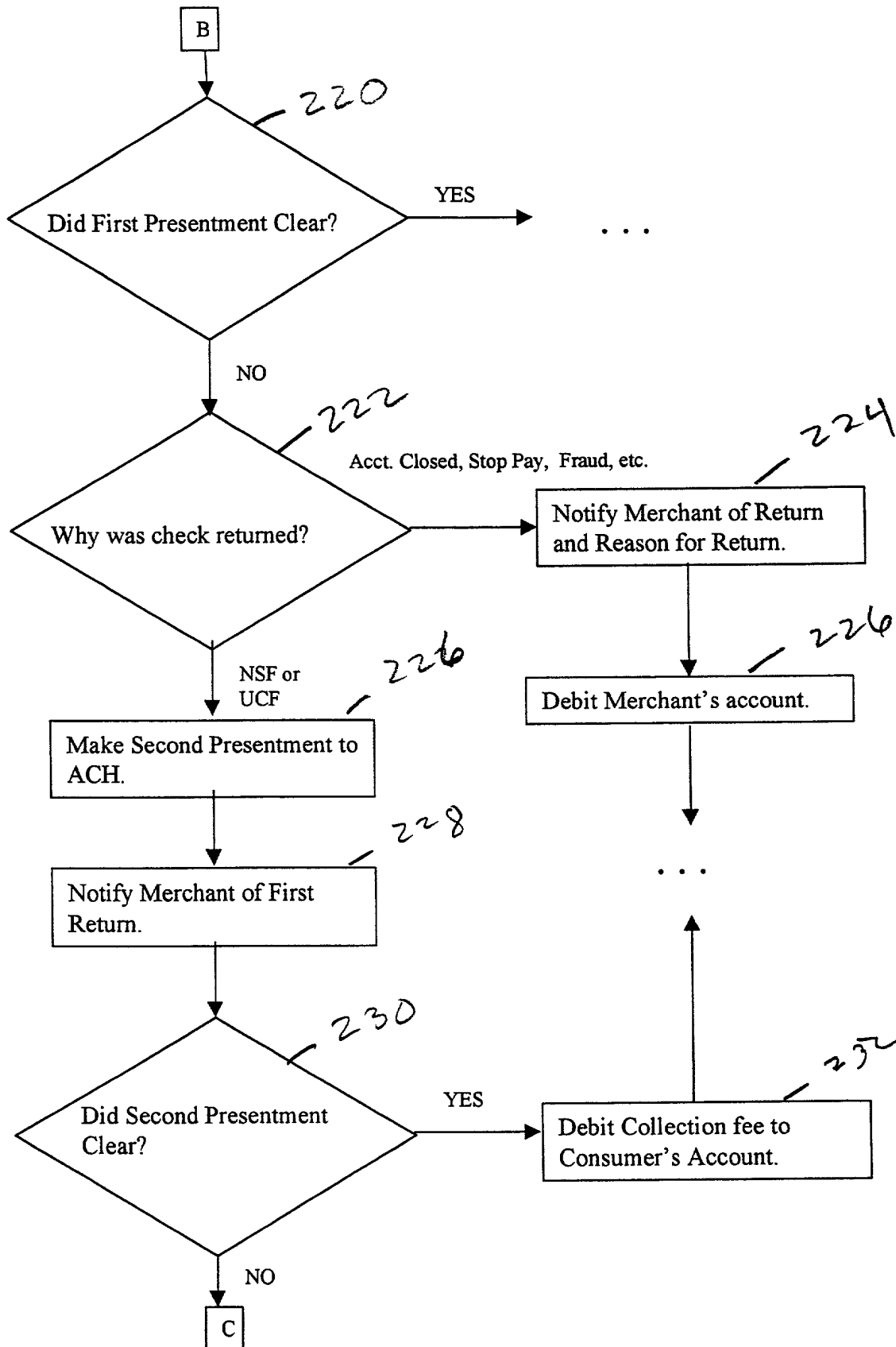
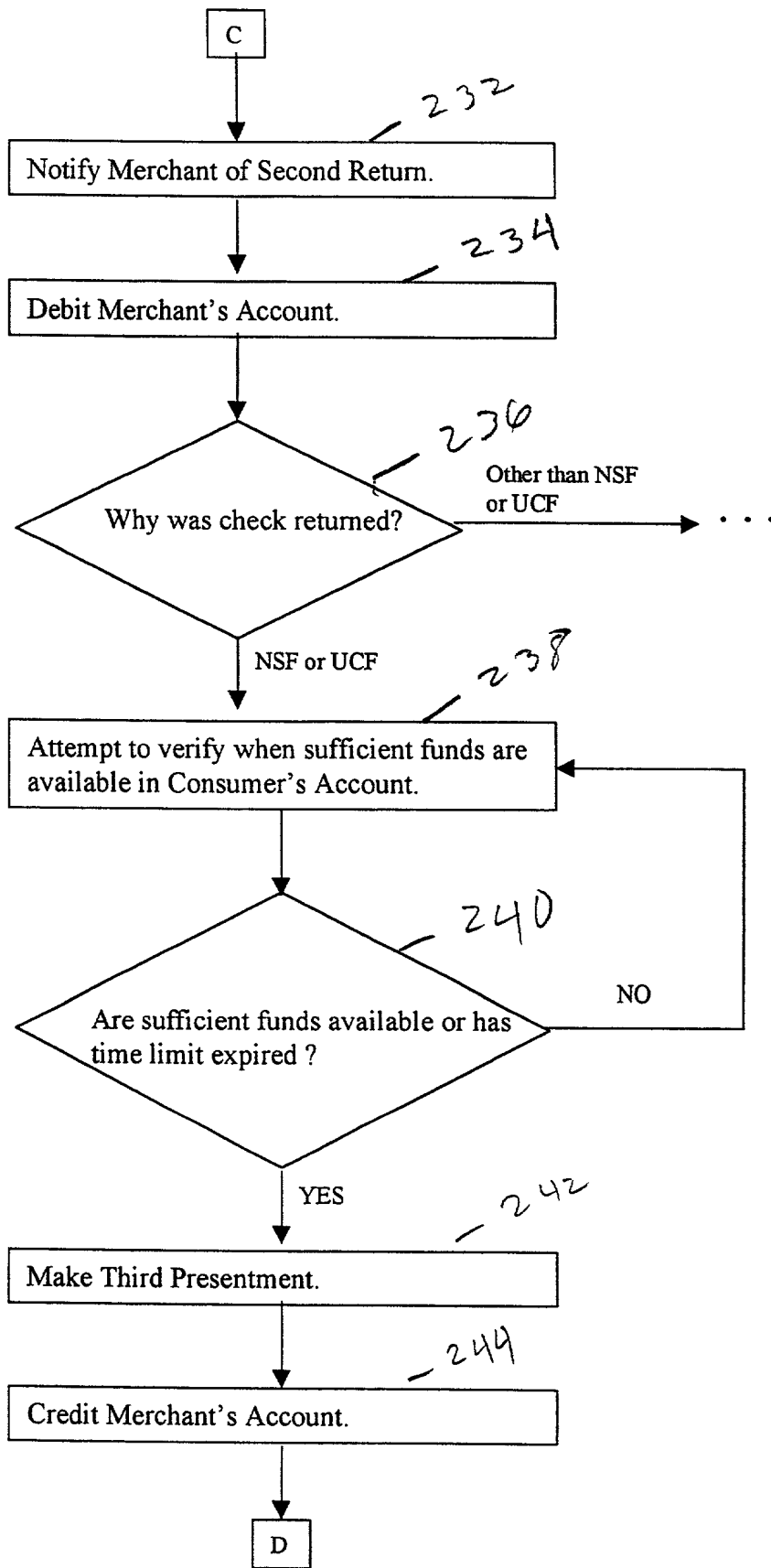
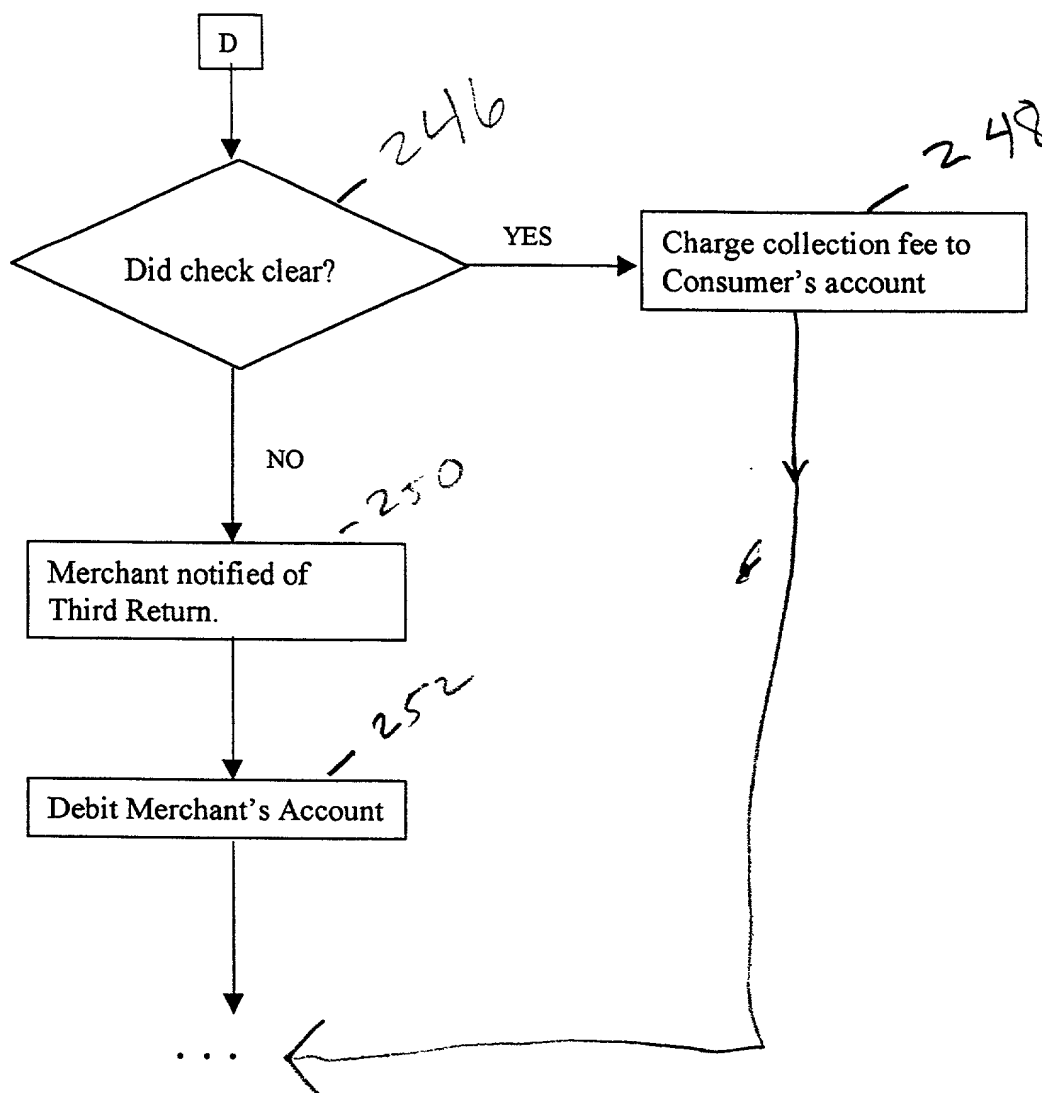


Fig. 2





Variable	Mean	SD	Min	Max
Age	34.5	10.2	22	55
Gender	0.5	0.5	0	1
Marital status	0.6	0.5	0	1
Education	12.5	1.5	9	16
Income	1500	500	500	3000
Health status	0.8	0.2	0	1
Smoking status	0.3	0.5	0	1
Alcohol consumption	0.2	0.4	0	1
Exercise frequency	0.5	0.5	0	1
Stress level	0.7	0.3	0	1
Life satisfaction	0.6	0.4	0	1
Work satisfaction	0.5	0.5	0	1
Family satisfaction	0.6	0.4	0	1
Community satisfaction	0.5	0.5	0	1
Overall satisfaction	0.5	0.5	0	1



Docket No.  
ELECT-043436

# Declaration For Patent Application

## English Language Declaration

As a below named inventor, I hereby declare that:

My residence, post office address and citizenship are as stated below next to my name,

I believe I am the original, first and sole inventor (if only one name is listed below) or an original, first and joint inventor (if plural names are listed below) of the subject matter which is claimed and for which a patent is sought on the invention entitled

**INTERNET BASED CHECK CASHING AND CLEARING METHOD, APPARATUS AND ARTICLE OF MANUFACTURE**

the specification of which

(check one)

☒ is attached hereto.

☐ was filed on \_\_\_\_\_ as United States Application No. or PCT International

Application Number \_\_\_\_\_

and was amended on \_\_\_\_\_

(if applicable)

I hereby state that I have reviewed and understand the contents of the above identified specification, including the claims, as amended by any amendment referred to above.

I acknowledge the duty to disclose to the United States Patent and Trademark Office all information known to me to be material to patentability as defined in Title 37, Code of Federal Regulations, Section 1.56.

I hereby claim foreign priority benefits under Title 35, United States Code, Section 119(a)-(d) or Section 365(b) of any foreign application(s) for patent or inventor's certificate, or Section 365(a) of any PCT International application which designated at least one country other than the United States, listed below and have also identified below, by checking the box, any foreign application for patent or inventor's certificate or PCT International application having a filing date before that of the application on which priority is claimed.

Prior Foreign Application(s)

Priority Not Claimed

\_\_\_\_\_  
(Number)

\_\_\_\_\_  
(Country)

\_\_\_\_\_  
(Day/Month/Year Filed)

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\_\_\_\_\_  
(Number)

\_\_\_\_\_  
(Country)

\_\_\_\_\_  
(Day/Month/Year Filed)

☐

\_\_\_\_\_  
(Number)

\_\_\_\_\_  
(Country)

\_\_\_\_\_  
(Day/Month/Year Filed)

☐

I hereby claim the benefit under 35 U.S.C. Section 119(e) of any United States provisional application(s) listed below:

\_\_\_\_\_  
(Application Serial No.)

\_\_\_\_\_  
(Filing Date)

\_\_\_\_\_  
(Application Serial No.)

\_\_\_\_\_  
(Filing Date)

\_\_\_\_\_  
(Application Serial No.)

\_\_\_\_\_  
(Filing Date)

I hereby claim the benefit under 35 U. S. C. Section 120 of any United States application(s), or Section 365(c) of any PCT International application designating the United States, listed below and, insofar as the subject matter of each of the claims of this application is not disclosed in the prior United States or PCT International application in the manner provided by the first paragraph of 35 U.S.C. Section 112, I acknowledge the duty to disclose to the United States Patent and Trademark Office all information known to me to be material to patentability as defined in Title 37, CFR Section 1.56 which became available between the filing date of the prior application and the national or PCT International filing date of this application:

\_\_\_\_\_  
(Application Serial No.)

\_\_\_\_\_  
(Filing Date)

\_\_\_\_\_  
(Status)  
(patented, pending, abandoned)

\_\_\_\_\_  
(Application Serial No.)

\_\_\_\_\_  
(Filing Date)

\_\_\_\_\_  
(Status)  
(patented, pending, abandoned)

\_\_\_\_\_  
(Application Serial No.)

\_\_\_\_\_  
(Filing Date)

\_\_\_\_\_  
(Status)  
(patented, pending, abandoned)

I hereby declare that all statements made herein of my own knowledge are true and that all statements made on information and belief are believed to be true; and further that these statements were made with the knowledge that willful false statements and the like so made are punishable by fine or imprisonment, or both, under Section 1001 of Title 18 of the United States Code and that such willful false statements may jeopardize the validity of the application or any patent issued thereon.

2025 RELEASE UNDER E.O. 14176

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Sixth inventor's signature	Date
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Eighth inventor's signature	Date
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